MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

2015 ANNUAL REPORT

LETTER OF TRANSMITTAL

Regina, Saskatchewan
March 4, 2016

To Her Honour
The Honourable Vaughn Solomon Schofield
Lieutenant Governor of the Province of Saskatchewan

Madam:

I have the honour to submit herewith the Annual Report of the Municipal Financing Corporation of Saskatchewan for the year ended December 31, 2015, in accordance with **The Municipal Financing Corporation Act.** The financial statements included in this Annual Report are in the form approved by the Treasury Board and have been reported on by the Corporation's auditors.

I have the honour to be, Madam,

Your obedient servant,

Kevin Doherty
Minister of Finance
And Minister Responsible
Municipal Financing Corporation of Saskatchewan

MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

BOARD OF DIRECTORS

Honourable Kevin Doherty
Chairperson

Honourable Jim Reiter

OFFICERS

Denise Macza
General Manager

Jim Fallows
Treasurer

Emily Guo
Secretary

CONTACT INFORMATION

Address:	6th Floor – 2350 Albert Street REGINA SK S4P 4A6
Phone Number:	(306) 787-8150
Fax Number:	(306) 787-8493
Website:	www.gov.sk.ca/mfc/
Email Address:	mfc@finance.gov.sk.ca

MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

HISTORY AND CURRENT HIGHLIGHTS – 2015

The Municipal Financing Corporation of Saskatchewan (the Corporation) was established to assist in making capital funds available for the financing of school, hospital and other essential construction and local improvement projects in cities, towns, villages and rural areas throughout the Province. The Corporation may borrow directly from private lending institutions or through the Ministry of Finance. The Corporation uses the funds borrowed to purchase a portion of the approved debentures sold each year by Saskatchewan local governments.

The Corporation participated in the financing of 11 projects by purchasing $9.1 million of debentures. Most of the financings involved building purchases and construction projects.

The Corporation's debenture holdings at December 31, 2015 totaled $224.2 million, down $2.6 million from the total at December 31, 2014.

The Corporation recorded comprehensive income of $0.7 million in 2015, which was less than the income recorded in 2014 and the $1.0 million amount budgeted (see note 10 to the financial statements). The decrease in net earnings is attributable to a reduction in lending activity.

For 2016, the Corporation expects a slight increase in earnings as a result of the impact of maturing debt.

The Municipal Financing Corporation of Saskatchewan is administered by a Board of Directors through the use of staff and facilities provided by the Ministry of Finance. The Corporation incurred $49,000 of administrative expenses in 2015. These expenses were primarily for the reimbursement of the costs to the Ministry of Finance of providing administrative services. The Directors of the Municipal Financing Corporation of Saskatchewan do not receive fees and, with the exception of interest paid on borrowed funds, the Corporation had no other expenses in the current year.

A table of lending activity for the current and previous year is presented on page 4.

MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

COMPARATIVE TABLE OF LENDING ACTIVITY
For the Year Ended December 31

	2015	2014
	(thousands of Canadian dollars)	
Amount of debentures offered to the Corporation	$ 10,601	$ 126,797
Prior year's purchase commitments carried forward	364	1,850
Total purchase commitments for the year	$ 10,965	$ 128,647
Purchases completed	9,098	128,283
Purchase commitments outstanding at the year end	$ 1,867	$ 364

DEBENTURES PURCHASED IN 2015
(thousands of Canadian dollars)

City of Humboldt	$ 25
City of Martensville	2,100
RM of Turtle River	4,400
Town of Assiniboia	364
Town of Assiniboia	708
Town of Rocanville	438
Town of Rocanville	360
Town of Watson	250
Village of Canwood	129
Village of Gerald	224
Village of St. Benedict	100
	$ 9,098

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management has prepared the financial statements of the Municipal Financing Corporation of Saskatchewan in accordance with International Financial Reporting Standards on a basis consistent with that of the previous year. Management is responsible for the reliability and integrity of the financial statements and all other information contained in this Annual Report.

Management has the primary responsibility for the integrity and objectivity of the financial statements. To fulfill this responsibility, management maintains appropriate systems of internal controls, policies and procedures to provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the Corporation.

Dudley and Company LLP, the Corporation's external auditors, have reviewed the systems of internal control and audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express their opinion on the financial statements. Their report appears on the following page.

The financial statements have been examined and approved by the Board of Directors.

Denise Macza, CPA, CMA, CFA, ICD.D
General Manager

Jim Fallows, CPA, CA, CMA
Treasurer

March 4, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of the Legislative Assembly, Province of Saskatchewan

We have audited the accompanying financial statements of the **MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN** (the Entity) which comprise the statement of financial position as at December 31, 2015 and the statements of comprehensive income, changes in equity, and cash flows for the year ended December 31, 2015, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN** as at December 31, 2015, and the results of its financial performance and its cash flows for the year ended December 31, 2015 in accordance with International Financial Reporting Standards.

Dudley & Company
Chartered Accountants LLP

Regina, Saskatchewan
March 4, 2016

MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

STATEMENT OF FINANCIAL POSITION
As at December 31

	Dec. 31 2015	Dec. 31 2014
	(thousands of Canadian dollars)	
ASSETS		
Due from General Revenue Fund (Note 3)	$ 16,942	$ 19,780
Interest receivable	2,827	2,926
Debt retirement funds (Note 4)	5,544	4,286
Investments in municipal debentures (Note 5)	224,245	226,874
	$ 249,558	$ 253,866
LIABILITIES AND PROVINCE'S EQUITY		
Interest payable and accrued liabilities	$ 1,207	$ 1,229
Debt (Note 6)	235,184	240,162
	236,391	241,391
Province of Saskatchewan's Equity		
Reinvested earnings	13,167	12,475
	$ 249,558	$ 253,866

(See accompanying notes)

MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended December 31

	2015	2014
	(thousands of Canadian dollars)	
Revenue		
Investment income - municipal debentures	$ 9,004	$ 9,569
Interest income - GRF and debt retirement funds	206	506
	$ 9,210	$ 10,075
Expenses		
Interest on debt	$ 8,469	$ 8,366
Administration	49	49
	8,518	8,415
Comprehensive Income	$ 692	$ 1,660

MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

STATEMENT OF CHANGES IN EQUITY

For the Year Ended December 31

	Reinvested Earnings
	(thousands of Canadian dollars)
Balance, December 31, 2013	$ 10,815
Comprehensive Income for 2014	1,660
Balance, December 2014	12,475
Comprehensive Income for 2015	692
Balance, December 31, 2015	$ 13,167

(See accompanying notes)

MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

STATEMENT OF CASH FLOWS

For the Year Ended December 31

	2015	2014
	(thousands of Canadian dollars)	
Operating Activities		
Interest received from municipal debentures	$ 9,129	$ 9,794
Interest received from GRF and debt retirement funds	152	72
Interest paid on debt	(8,507)	(8,699)
Payments to suppliers	(49)	(49)
Cash provided by operating activities	725	1,118
Investing Activities		
Purchase of municipal debentures	(9,098)	(128,283)
Proceeds from maturing municipal debentures	11,726	66,515
Cash provided by (used in) in investing activities	2,628	(61,768)
Financing Activities		
Debt retirement fund redemptions	711	0
Debt retirement fund installments	(1,902)	(1,561)
(Repayment) issuance of short term debt	0	(23,162)
Issuance of long term debt	10,174	149,100
Debt issuance cost	0	(847)
Repayment of long term debt	(15,174)	(43,100)
Cash (used in) provided by financing activities	(6,191)	80,430
Net (decrease) increase in cash equivalents during the year	(2,838)	19,780
Cash equivalents, beginning of year	19,780	0
Cash equivalents, end of year	$ 16,942	$ 19,780

(See accompanying notes)

MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

1. Status of the Corporation

The Municipal Financing Corporation of Saskatchewan is a Canadian company that was established in 1969 pursuant to the provisions of **The Municipal Financing Corporation Act**. The Corporation's objective is to assist municipalities in financing their capital requirements.

The Corporation is a Crown corporation of the Government of Saskatchewan and is therefore not subject to Federal or Provincial income tax but is subject to Provincial corporation capital tax.

The Corporation is administered by the Ministry of Finance at 2350 Albert Street, Regina, Saskatchewan.

2. Significant Accounting Policies

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations as issued by the International Accounting Standards Board effective as of December 31, 2015.

These financial statements were authorized for issue by the Board of Directors on February 22, 2016.

Basis of Measurement

These financial statements are presented in Canadian dollars, and have been prepared on a historical cost basis.

Interest Revenue and Expense

Interest revenue and expense for all investments in municipal debentures and debt is calculated using the effective interest method. This method uses a rate that exactly discounts estimated future cash flows over the expected life of a financial asset or liability to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Corporation estimates future cash flows by considering all contractual terms of the financial instrument other than potential future credit losses.

Financial Instruments

The Corporation has implemented the following classifications:

- Due from the General Revenue Fund, Interest receivable and Debt retirement funds are classified as "loans and receivables." After initial fair value measurement, they are measured at amortized cost using the effective interest rate method. For the Corporation, the measured amounts generally approximate their cost.
- Investments in municipal debentures are classified as "held to maturity investments." After initial fair value measurement, they are measured at amortized cost using the effective interest rate method.
- Interest payable and accrued liabilities and debt are classified as "financial liabilities." After initial fair value measurement, they are measured at amortized cost using the effective interest rate method.

New Accounting Standards Not Yet Adopted

The following new standards are not yet effective for the year ended December 31, 2015, and have not been applied in preparing these financial statements:

IFRS 9, *Financial Instruments*

IFRS 9 was issued by the International Accounting Standards Board (IASB) on November 12, 2009 and will replace International Accounting Standard (IAS) 39, *Financial Instruments: Recognition and Measurement*. The standard is to be applied prospectively.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. Under IFRS 9, financial assets will generally be measured initially at fair value plus particular transaction costs, and subsequently at either amortized cost or fair value. In October 2010, the IASB issued additions to IFRS 9 relating to accounting for financial liabilities. Under the new requirements, an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's credit risk in other comprehensive income, rather than within net earnings. This standard is effective for annual periods beginning on or after January 1, 2018. The Corporation does not intend to early adopt this standard but is reviewing it to determine the potential impact, if any, on the financial statements.

Annual Improvement Cycles

In 2013, the IASB issued an exposure draft for the 2012-2014 Annual Improvements Cycle, which includes minor amendments to a number of IFRS. The annual improvements process is used to make necessary but non-urgent changes to IFRS that are not included in other projects. The amendments issued are all effective for annual periods beginning January 1, 2016. The Corporation intends to adopt these amendments in its financial statements for the annual period beginning January 1, 2016. The Corporation is in the process of assessing the impact of the amendments.

3. Due from General Revenue Fund

The Corporation's bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

The Corporation's earned interest is calculated and paid quarterly by the General Revenue Fund to the Corporation using the General Revenue Fund's thirty day borrowing rate and the Corporation's average daily bank account balance.

4. Debt Retirement Funds

Under conditions attached to certain advances from the Government of Saskatchewan's General Revenue Fund, the Corporation is required to pay annually into debt retirement funds administered by the Government of Saskatchewan Ministry of Finance, amounts at least equal to 1% of certain debt outstanding. As at December 31, 2015 scheduled debt retirement fund installments for the next five years are as follows:

(in thousands of Canadian dollars)	2016	2017	2018	2019	2020
Debt retirement fund annual contribution	$ 1,954	$ 1,954	$ 1,926	$ 1,856	$ 1,856

A reconciliation between the opening and closing debt retirement funds balance is provided below:

(in thousands of Canadian dollars)	Dec. 31 2015	Dec. 31 2014
Debt retirement funds, beginning of year	$ 4,286	$ 2,318
Debt retirement fund instalments	1,902	1,561
Debt retirement fund earnings	67	144
	6,255	4,023
Debt retirement fund redemptions	(711)	0
Unrealized debt retirement fund market value gains	-	263
Debt retirement funds, end of year	$ 5,544	$ 4,286

$0 (2014 - $653 thousand) of the Corporation's debt retirement funds pertain to debt that matures within twelve months.

On January 1, 2015, the Corporation withdrew its $4.3 million of debt retirement funds from the actively traded pool of debt retirement assets managed by the Ministry of Finance to properly reflect the nature of the operations of the Corporation. The Ministry of Finance provided the Corporation with cash equal to the fair value of its share of the actively traded pool. Debt retirement funds are recorded at an amortized cost amount of $5.5 million at December 31, 2015, an amount which approximates their fair value. As at December 31, 2014, the Corporation's debt retirement funds were held as part of an actively traded portfolio and were recorded at their fair value of $4.3 million.

The Corporation does not maintain a separate bank account for its debt retirement funds. Interest is calculated and accrued monthly by the General Revenue Fund to the Corporation by applying the rate of interest earned by the General Revenue Fund to the Corporation's average daily balance.

5. Investments in Municipal Debentures

The Corporation invests in fixed rate debentures issued by cities, towns, villages, rural municipalities and school divisions throughout the Province of Saskatchewan. Debentures purchased by the Corporation must be approved by the Saskatchewan Municipal Board, where applicable.

The Corporation has an investment in 193 (December 31, 2014 – 183) debentures issued by 96 (December 31, 2014 – 94) issuers with a weighted average yield of 3.98% (December 31, 2014 – 4.03%) and maturity dates ranging from 2016 through 2045.

The carrying amount invested by issuer category is as follows:

	Dec. 31 2015	Dec. 31 2014
	(thousands of Canadian dollars)	
Cities	$ 132,658	$ 134,392
Towns	42,164	44,047
Villages	9,994	11,063
Rural Municipalities	34,021	31,604
School Divisions	5,408	5,768
	$ 224,245	$ 226,874

Investments in municipal debentures maturing in the next five years are as follows:

(in thousands of Canadian dollars)	2016	2017	2018	2019	2020
	$ 19,537	$ 12,586	$ 14,465	$ 11,443	$ 11,403

The fair value of these debentures is $256.0 million (December 31, 2014 - $259.5 million). This fair value is determined by discounting the debentures' future cash flows using investment rates presently available to the Corporation for investments with similar terms and remaining maturity. Prepayment rates and credit losses are assumed to be zero, based on the past experience of the Corporation. A one per cent change in the investment rates noted above would change the fair value of these debentures by approximately $21.3 million. The Corporation measures its investments in municipal debentures at amortized cost using the effective interest method, so changes in the fair value of these securities have no immediate effect on net earnings.

The Corporation's policy is to permit borrowers to redeem debentures prior to maturity. The redemption price of debentures is set at the fair market value of the debenture. During 2015 no debentures were redeemed prior to maturity (2014 - $0).

At December 31, 2015, the Corporation had committed to purchase $1.9 million (2014 - $0.4 million) of debentures.

6. Debt

	Dec. 31, 2015		Dec. 31, 2014	
	Principal Outstanding	Average Interest Rate	Principal Outstanding	Average Interest Rate
	(thousands of Canadian dollars)			
Amounts due in:				
1-5 years	$ 50,400	2.18%	$ 65,574	2.95%
6-10 Years	36,996	2.95%	36,996	2.95%
11-15 Years	15,530	4.53%	15,530	4.53%
16-20 Years	22,900	3.69%	22,900	3.69%
More than 20 Years	110,174	3.80%	100,000	3.90%
	236,000		241,000	
Less: Unamortized deferred financing charges	(816)		(838)	
Debt	$ 235,184	3.50%	$ 240,162	3.52%

The fair value of debt is $253.9 million (December 31, 2014 - $262.4 million). This amount is determined by discounting future cash flows using borrowing rates presently available to the Corporation for debt with similar terms and remaining maturity. A one per cent change in the borrowing rates noted above would change the fair value of debt by approximately $30.0 million. The Corporation measures its debt at amortized cost using the effective interest method, so changes in the fair value of debt have no immediate effect on net earnings.

a) operating line of credit

The Corporation is authorized to borrow up to $200.0 million on a short term basis from the GRF.

b) principal repayments

Principal repayments for the next five years are as follows:

(in thousands of Canadian dollars)	2016	2017	2018	2019	2020
	$ 10,000	$ 2,800	$ 22,600	$ 15,000	$ -

7. Related Party Transactions

The Corporation is controlled by the Government of Saskatchewan.

These financial statements include the results of transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan. Significant outstanding balances and transactions are as follows:

	2015	2014
	(thousands of Canadian dollars)	
Balances		
Due from General Revenue Fund	$ 16,942	$ 19,780
Interest receivable	151	161
Debt retirement funds	5,544	4,286
Investments in municipal debentures	5,408	5,768
Interest payable and accrued liabilities	1,198	1,220
Debt	235,184	240,162
Transactions		
Investment income - municipal debentures	285	303
Investment income - GRF and debt retirement funds	206	506
Interest on debt	8,469	8,366
Administration	40	40

8. Financial Instruments

Management of Financial Risks

The activities of the Corporation result in exposure to three types of risk:

i) Interest Rate Risk

Interest rate risk is risk that the value of the Corporation's assets and liabilities will fluctuate due to changes in market interest rates. This risk exists because the maturity dates of the Corporation's assets and liabilities are not precisely matched:

Year of Maturity	Financial Assets	Financial Liabilities	Difference 2015	Difference 2014
		(thousands of Canadian dollars)		
2015	$ -	$ -	$ -	$ 18,609
2016	39,307	11,207	28,100	-
2 - 5 years	50,734	40,400	10,334	5,161
Thereafter	159,517	185,600	(26,083)	(12,133)
	$ 249,558	$ 237,207	$ 12,351	$ 11,637

The Corporation manages this risk by matching the maturity dates of material assets and liabilities to the extent possible.

ii) Liquidity Risk

Liquidity risk is the risk that financial obligations will not be met over the short-term due to lack of access to capital. This risk is managed by distributing debt maturities over many years, maintaining debt retirement funds on long-term debt issues and maintaining adequate cash reserves and an $200 million short-term line of credit with the General Revenue Fund.

iii) Credit Risk

Credit risk is the risk that the Corporation will not receive payment in full for its investments in municipal debentures or its debt retirement funds.

For municipal debentures, this risk is managed by legislative restrictions on the amounts that can be borrowed by local governments and scrutiny of all proposed transactions. Few of the Corporation's municipal debentures have a credit rating, however all are considered secure. At December 31, 2015, the Corporation had a maximum exposure of $224.2 million (2014 - $226.9 million) on its investments in municipal debentures.

For debt retirement funds, this risk is managed by holding a diversified portfolio of investment grade fixed income securities and amounts due from the General Revenue Fund. The investment guidelines applicable to the debt retirement funds prohibit the acquisition of non-investment grade securities. At December 31, 2015, the Corporation had no exposure on its debt retirement funds of $5.5 million. In 2014, the Corporation had a maximum exposure of $4.3 million on its debt retirement fund investments.

The Corporation has never experienced a credit-related loss.

Fair Value Information Regarding Financial Instruments

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The Corporation has classified the fair valuation of its financial instruments as level 1, 2 or 3 as defined below.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At December 31, 2015, the Corporation had no financial instruments valued at fair value. As noted in note 2, all financial instruments are carried at amortized cost, which approximates fair value. For December 31, 2014, the Corporation's debt retirement investments were grouped into Level 2 of the fair value hierarchy. These investments were valued by the Ministry of Finance using information provided by investment dealers, where applicable. To the extent possible, valuations reflect indicative secondary pricing for these securities. In all other circumstances, valuations were determined with reference to similar actively traded instruments.

Other Information Regarding Financial Instruments

The effective interest rates on the Corporation's interest bearing financial instruments are as follows:

	Dec. 31 2015	Dec. 31 2014
Investments in municipal debentures	3.98%	4.03%
Interest bearing liabilities	3.50%	3.52%

The Corporation's financial instruments have the following carrying amounts:

	Dec. 31 2015	Dec. 31 2014
Financial assets at fair value through profit or loss (all classified as held for trading)	$ 0	$ 4,286
Held to maturity investments	224,245	226,874
Loans and receivables	25,313	22,706
Financial liabilities measured at amortized cost	(237,207)	(242,229)
Net carrying value of financial instruments	$ 12,351	$ 11,637

The Corporation recognized gains of $0 (2014 – gains of $263) on its financial instruments that are measured at fair value through profit and loss.

Total interest income on financial assets not held for trading was $9,210 (2014 - $9,669).
Total interest expense on financial liabilities not held for trading was $8,469 (2014 - $8,366).

The Corporation had no fee income or expenses arising from financial instruments not held for trading.

The Corporation had no impaired financial instruments, so no interest income or losses were incurred from such assets.

9. Capital Management

The Corporation defines its capital as its reinvested earnings and its long term debt payable.

The Corporation strives to ensure that the interest rate on its investment in municipal debentures exceeds the effective interest rate on its long term debt. The Corporation also attempts to match the payments required to service its long term debt to the cash flows expected from its investments.

The Corporation is not subject to any external or statutory capital requirements.

The points noted above have not changed from the previous fiscal year.

Information on the specific management of financial risks is included in Note 8.

10. Operations Budget

The Corporation's annual budget is approved by its board of directors. For 2015, the approved budget was as follows:

(thousands of Canadian dollars)

Revenue	
Investment income - municipal debentures	$ 9,400
Investment income - debt retirement funds	150
	9,550
Expenses	
Interest on debt	8,500
Administration - Ministry of Finance	40
- audit	10
	8,550
Comprehensive income	$ 1,000